

Message Text

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70

ACTION ARA-20

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

H-03 L-03 SCI-06 AGR-20 INT-08 SCEM-02 PA-03 PRS-01

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SUBJ: TALK BY TREASURY SECRETARY AT AMERICAN CHAMBER OF COMMERCE
LUNCHEON

1. TREASURY SECRETARY LOPEZ PORTILLO SPOKE ON AUGUST 15 AT
THE MONTHLY FORUM LUNCHEON OF THE AMERICAN CHAMBER OF COMMERCE, ON
THE SUBJECT OF FOREIGN INVESTMENT. REMARKS WERE OFF THE RECORD AND NOT
FOR ATTRIBUTION.

2. LOPEZ PORTILLO REVIEWED THE HISTORY OF MEXICAN ECONOMIC
DEVELOPMENT AND PARTICIPATION OF FOREIGN INVESTMENT THEREIN,
STATING THAT MEXICO HAD NOW REACHED A NEW STAGE IN WHICH ITS
POLICY WITH REGARD TO ACCEPTANCE OF FOREIGN INVESTMENT WOULD BE
"NOT RESTRICTIVE BUT SELECTIVE". HE REPEATED PREVIOUS STATEMENTS
WITH REGARD TO THE INTERESTS OF THE MEXICAN GOVERNMENT IN FOREIGN
INVESTMENT PROVIDED SUCH INVESTMENT IS IN ACCORDANCE WITH MEXICAN
GOALS AND GUIDELINES; INDICATED THAT THE NEW LAW REPRESENTED
SIMPLY A CLARIFICATION OF EXISTING POLICY AND PRACTICES OF GOM,
WAS IN ACCORDANCE WITH MEXICAN CONSTITUTION AND WAS NOT
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RETROACTIVE; AND SAID THAT COMMISSION WOULD FOLLOW A FLEXIBLE

POLICY IN REVIEWING APPLICATIONS.

3. IN SUBSEQUENT QUESTION AND ANSWER PERIOD, LOPEZ PORTILLO MADE FOLLOWING STATEMENTS:

A. FLIGHT OF CAPITAL IN PAST FEW MONTHS MIGHT BE ATTRIBUTABLE IN PART TO HIS APPOINTMENT AS TREASURY SECRETARY. HOWEVER, HIS POSITION NOT THAT IMPORTANT AND BASIC FACTOR WAS NON-COMPETITIVENESS OF MEXICAN INTEREST RATES. LOPEZ PORTILLO BELIEVED MEXICAN INTEREST RATES NOW COMPETITIVE BUT GOM WOULD FOLLOW SITUATION CLOSELY AND MAKE ANY NECESSARY REVISIONS IN LIGHT FUTURE DEVELOPMENTS. IN ANSWER TO QUERY REGARDING WHETHER GOM CONSIDERING IMPOSITION OF EXCHANGE CONTROLS LOPEZ PORTILLO REPLIED IN NEGATIVE SAYING SUCH ACTION WOULD BE CONTRARY ESTABLISHED POLICY GOM AND IN ANY EVEN NOT PRACTICABLE GIVEN LARGE VOLUME EXCHANGES ACROSS 2,000 MILE BORDER WITH U.S.

B. HE RECOGNIZED LEGITIMACY OF PRESSURE BY LABOR ORGANIZATIONS FOR 40-HOUR WEEK REFERRING IN THIS CONNECTION TO ACHIEVEMENTS IN OTHER COUNTRIES SUCH AS U.S. HOWEVER, PRESENT TIME MIGHT NOT BE APPROPRIATE FOR ADOPTION SUCH GIVEN EXISTING INFLATIONARY PRESSURES AND ALL ELEMENTS MEXICAN ECONOMIC LIFE MUST REALIZE THEY ARE IN "SAME BOAT" AND SHOULD NOT PRESS FOR ACTIONS WHICH WOULD ROCK THIS BOAT.

C. IN ANSWER QUERY REGARDING EXPORTATION BY MEXICO OF ITEMS IN SHORT SUPPLY HERE (SUCH AS PETROLEUM PRODUCTS), LOPEZ PORTILLO INDICATED THIS WAS PROBLEM AND REFERRED TO NEED RECONCILE MEXICAN ECONOMIC DEVELOPMENT REQUIREMENTS WITH OTHER NEEDS. SAID SITUATION WOULD BE WATCHED CLOSELY.

4. COMMENT: LOPEZ PORTILLO IS AN EXCELLENT SPEAKER AND MADE A VERY FAVORABLE IMPRESSION ON THE CAPACITY AUDIENCE. HIS ANSWERS TO SOME DIFFICULT QUESTIONS WERE FOR MOST PART RESPONSIVE. HE SHOWED NO HESITATION IN EXPRESSING VIEWS REGARDING GOM POLICIES, BOTH PRESENT AND FUTURE.
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